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SUBJECT: MEDIA REACTION NEW US TREASURY SECRETARY IRAQ
LATIN AMERICA IMF DELEGATION TO ARGENTINA POPULISM IN
LATIN AMERICA COLOMBIA BOLIVIA 05/31/06

1. SUMMARY STATEMENT

Today's local papers report on the appointment of Henry Paulson as the new US Treasury Secretary in replacement of John Snow; the mobilization of some US troops from Kuwait to Southern Iraq; Argentina and Brazil's efforts to obtain greater integration among Latin American countries; an IMF delegation asking Argentine legislators to approve legislation to fight terrorist financing; the implications of Colombian President Uribe's re-election; and the imminent Bolivian agricultural reform.

2. OPINION PIECES AND KEY STORIES

- "Another Bush's (Cabinet) change: a banker will be the US Secretary of Treasury"

Ana Baron, Washington-based correspondent for leading "Clarín," writes (05/31) "The replacement of John Snow at the US Treasury Department by one of Wall Street's 'biggies,' Henry 'Hank' Paulson (60), the head of Goldman Sachs, will not involve big changes in (US President) George W. Bush's economic policy. However, it could well contribute some changes to the (US) policy toward Argentina.

"... US President Bush thanked Snow for his work and praised Paulson for his knowledge of financial markets...

"... Bush said that Paulson will have to 'maintain the pro-economic growth policy with low taxes and pressure the Congress to cut its expenditures.' If someone expected the appointment of a new (US) Treasury Secretary to involve some sort of reversion in tax

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cuts allowing for a better tackle of the increasing fiscal deficit, he is wrong.

"Reportedly, with Paulson's appointment, Bush will attempt to strengthen the value of the US dollar.

"According to a Wall Street source, Paulson does not agree with the 'moral hazard' theories promoted by some economic advisors of Bush. This is why, one should not dismiss the possibility that he will adopt a less neutral stance regarding Argentina's creditors who were left out of the debt swap (holdout

creditors)."

- "The US transfers troops from Kuwait to stop violence in Iraq"

Daily-of-record "La Nacion" reports (05/31) "The US Pentagon sent 1,500 additional troops to Iraq in order to reestablish order in the Western province of Al-Anbar now that fears of a civil war are increasing in the Southern section of the country.

"According to Bryan Whitman, spokesperson of the US Pentagon, the escalation of violence in Al-Anbar, which is dominated by Sunnis, made the US mobilize two additional battalions from Kuwait.

"The US decision seems to distance further the prospects of an important reduction in the number of US troops stationed in Iraq..."

- "Argentina and Brazil include Chile in their attempt to put order in the region"

Business-financial "El Cronista" (05/31) "Argentina, Brazil and Chile seek to make up an 'ordering axis' of Latin America's complex political reality vis--vis Washington and Europe's fears vis--vis the resurgence of nationalistic movements under the umbrella of Venezuelan Hugo Chavez.

"Presidents Nestor Kirchner, from Argentina, and Lula, from Brazil, promoted the first political coordination move, following the Bolivian President Evo Morales' decision to nationalize hydrocarbons.

"... The first meeting among Foreign Ministries Taiana, Foxley and Amorim will be in a neutral place - it will be on June 4 at the OAS' General Assembly in

Dominican Republic, which, among other activities, will develop a forum on 'the democratic stability of the Americas.'"

- "IMF asks (Argentina) to approve legislation to fight terrorist financing"

Conservative "La Prensa" reports (05/31) "An IMF delegation has again asked the members of the Argentine Senate's Narco-trafficking and Homeland Security to pass legislation labeling terrorism as a crime.

"As a matter of fact, the group of experts has submitted an initiative to label terrorism as a crime and impose penalties for terrorist financing, but it is still being analyzed by the combined committee made up by the Argentine Central Bank, the Ministry of Justice and legislators of both chambers."

- "A weird alliance"

Daily-of-record "La Nacion" reprints an opinion piece written by Guy Sorman, who writes (05/31) "I am in Sao Paulo. An audience made up of businessmen and academics is listening, bewildered, to my explanation that it is advisable for Brazil and the entire Latin America to have a leftist government that will not implement its program (like that of Lula) rather than return to a conservative and pseudo-liberal right wing. I tell them that they should not get the enemy wrong - the real danger is not the Lula- or Bachelet-styled left wing, but populism. Chavez, in Venezuela, and Morales, in Bolivia, are actually dangerous. They are not right- or left- wingers but populist leaders.

"... I have come to the conclusion that the 'crisis of liberalism' in Latin America, of which the European and Latin American media speak of, does not really exist. As a matter of fact, liberalism has become centrist - it is a common program shared by right- and left-wing democratic political parties.

"They should reflect and work together before the populism of Chavez, Morales and Castro gets hold of the most impoverished sectors of this hemisphere, which are also the most numerous."

13. EDITORIALS

- "Uribe's re-election in Colombia"

An editorial in leading "Clarín" reads (05/31) "For the first time in its history, Colombia will have a democratically elected president for two terms in a row, which could be due to three fundamental reasons - the demand for a (strong) government, the crisis of the traditional political system, and the leadership demonstrated by the re-elected president during the last four years.

"... In this way, Colombia adds itself to the trend that has been established in most Latin American countries during recent years. Uribe's landslide victory seems to confirm a preference for a presidential system, particularly in times of serious crises and threats."

- "Bolivia's agricultural reform"

Daily-of-record "La Nación" editorializes (05/31) "The Bolivian government has announced that it will carry out an agricultural reform based on the confiscation of the largest rural companies and their assignment, in smaller lots, to peasants. It is a follow-up of President Evo Morales' nationalization of hydrocarbons...

"... Both in benefit of Bolivia and foreign investors, we expect that the Bolivian reform will downplay its initial political impetus and conceive a gradual process. It should be aimed at transforming actually sterile plots of land through deals reached with their owners that will honor both judicial security and the

rule of law..."

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